Testimony to the United States House of Representatives
Committee on Science and Technology,
Subcommittee on Energy and Environment

"*The Role of Forest Products in Solving the Nation's Energy and Climate Changes "*

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Good Morning Chairman Baird and Congressman Walden. My name is Tom Partin and I am the President of the American Forest Resource Council (AFRC), which is headquartered in Portland, Oregon. I am pleased to be here this morning to discuss "The Role of Forest Products in Solving the Nation's Energy and Climate Challenges".

AFRC represents nearly 80 wood products manufacturers and forest landowners located in twelve western states. Our mission is to promote balanced and sustained management of our nation's public forests including a consistent and predictable flow of raw material from those forests. Most of our members are located in small rural communities throughout the West, and these rural communities are only as healthy as the forests and products industry in their backyards. Forest health is community health and today neither is particularly well.

During the past decade and a half many of our federal forests have been victim of a chain of events that have been devastating. A lack of active management, historic fire suppression activities and drought conditions have caused overgrown forests to be ripe

for catastrophic wildfires. These fires once ignited often burn hundreds of thousands of acres before being controlled. As both of you are aware, we are only capturing ten percent of the fiber that is growing on our National Forests and in many areas we are losing 50 percent each year to mortality. This has had disastrous consequences for our forests, communities and environment. There has to be a better way of managing and caring for our federal forests rather than letting them burn and putting millions of tons of CO2 into the atmosphere.

At the same time that our public forests are dying, rotting, and burning a sustainable industry is starving for forest material to convert into renewable forest products and green energy. to be part of the solution to our country's energy independence. Biomass cogeneration has the potential of being a major part of the solution to our country's energy independence and many of our members have plants currently in operation or on the drawing boards. With the current economic downturn currently facing our nation, not only are our forests in a perilous condition so are the forest products manufacturers and skilled mill and woods workers essential to treating the forests. They are teetering on the brink of financial disaster. All of these challenges need to be and can be addressed simultaneously and effectively in an aggressive forest management strategy that includes an active biomass and hazardous fuels removal program.

I want to expand on five points that I believe will make our forests healthier, better utilize forest biomass for the creation of energy, help address our Greenhouse Gas emissions and finally get our people back to work.

1. First, our federal Forests in the Northwest are in critical condition regarding forest health. There are more than 14 million acres of Condition Class II (at moderate risk to wildfire and moderate departure from natural fire regime) and Condition Class III (high risk to wildfire and high risk of losing key ecosystems) on the national forests in Oregon and Washington. We must get these forests treated in the most expeditious manner possible. Part of the answer is better utilization of the Healthy Forest Restoration Act (HFRA). In 2003, Congress passed HFRA to give land managers additional tools to reduce the threat of catastrophic wildfire on public lands. Since its passage, HFRA has been greatly underutilized. From fiscal year 2005 through fiscal year 2007, only 295,000 acres of the 20 million acres that were authorized in the Act were treated nationally using HFRA authorities. Agencies need to make better use of this management tool to quickly treat as many acres as possible to restore forest health and capture needed forest biomass. Projects should be designed to combine the removal of merchantable products, such as sawlogs, along with a component of biomass. The values of sawlogs help to pay for the removal of biomass because both sawlog and biomass can be removed in the same operation using the same equipment. Projects with removal of biomass alone are usually not economically viable.

   Further, data from the Energy Department suggests that to ensure we are producing 25 percent of our renewable fuels and electricity by the year 2025 the nation must harness approximately 39 billion cubic feet of timber a year. This is up from an average of 15.5 billion cubic feet harvested per year over the past two decades. We are currently harvesting a small portion of annual forest growth so we know that biomass is readily available through forest health treatments.

We need to ensure that restrictive definitions of "biomass" don't restrict our ability to remove these materials from our forests. Currently, the definition of "renewable biomass" under the Renewable Fuel Standard (RFS) has excluded biomass from all federal forests and many private forests. Congress should take action to remove this short sided definition and ensure it isn't extended to other areas of federal law, including the Section 45 Renewable Tax Credit program or proposed Renewable Energy Standard. Congressman Walden and Congresswoman Herseth Sandlin have introduced legislation to correct the RFS definition. We also understand that language is currently being proposed by the Society of American Foresters and others. I have attached a copy of that proposed language to my testimony today.

3. We are also concerned about how existing facilities are treated regarding in-service dates and parity with other renewable producers. While many of our members are actively developing new projects, others are concerned about the continued economic viability of facilities that were built in the 1980's and 1990's. Each and every day, these facilities provide not only "green" power but also environmental benefits by diverting organic materials that would otherwise be destined for landfills or left on the forest floor to decompose, emit Greenhouse Gasses, or contribute to forest fires. Federal policy should not "shut out" these existing older facilities by not allowing them to access RES credits. Further, the problem for existing facilities in our industry is exacerbated by federal tax law, which only provides 50% of the value of production tax credits given to other competing renewable technologies. We need parity for biomass cogeneration generating facilities similar to what other renewables such as wind, solar and geothermal

are getting. This means approximately 2.0 cents per kilowatt hour instead of the 1.0 cent cogeneration plants are receiving now. It is difficult for biomass cogeneration to remain viable when it is competing with other, more heavily subsidized technologies

4. - The utilization of biomass from our federal forests can provide needed jobs in addition to making our forests healthy and generating green renewable energy. Studies in California have shown that there are approximately 5.9 new direct jobs created with every megawatt of power produced in a forest biomass facility and an additional 3 indirect and induced jobs created. Thus a 10 megawatt plant would create nearly 90 new jobs. I would like to conclude by reviewing a program that was implemented during a similar period when high priced energy costs were prevalent in our country and when we were looking for alternative energy sources. The Public Utility Regulatory Policies Act of 1978 (PURPA) began the implementation of power generating contracts during the 1980s under the rationale that allowing entrepreneurs to supply power to utilities could increase the efficiency of the generation sector, coupled with growing concern about the environmental consequences of traditional generation technologies.

Under PURPA 62 cogeneration power plants were built in a 14 year period that produced a total of 1400 megawatts of electricity. I highlight the PURPA contracts as an example of how a program of renewable energy can be developed if proper incentives are in place to engage the private sector. Even though biomass provided 1.33% of the United States' electricity in 2007, the second largest source of renewable electricity after hydropower, I

believe with readily accessible federal forest biomass and some equity in incentives, this power source could quadruple its current contribution to electricity generation.

Chairman Baird, I would like to thank you for hosting this discussion today and inviting me to participate. The forest products industry is already poised to move our country towards a future of renewable energy and healthier forests. We will accomplish these two important objectives only if the federal government removes impediments to hazardous fuels reduction projects and biomass cogeneration tax fairness. I would be happy to answer any questions you may have.